

State of New Hampshire Banking Department

In re the Matter of: ) Case No.: 07-034  
)  
State of New Hampshire Banking ) Consent Order  
)  
Department, )  
)  
Petitioner, )  
)  
and )  
)  
Cashforce USA Inc., Michael Melody, )  
)  
and Daniel Melody, )  
)  
Respondent(s) )

CONSENT ORDER

I. For purposes of settling the above-referenced matter, among other things, the New Hampshire Banking Department (hereinafter referred to as "the Department") and Respondents, do hereby enter this Agreement and stipulate to the following:

1. The Respondent is licensed to conduct small loan lending activities by the Department.
2. The Respondent's primary business is small loan lending and is located at 2 Main St. Keene, NH.
3. The Department and the Respondent agree that an Order was issued by the Commissioner on October 23, 2006 that, *inter alia*, concluded that Cashforce's "new loan policy" was a violation of RSA 399-A:13 X's [Ed: X struck and replaced with VII by hand] prohibition against renewing, extending or refinancing loans.
4. The parties agree the validity of that order and its determination that Cashforce USA was a payday lender under the statute as it existed on July 20, 2006 is currently on appeal to

1 the Superior Court of Merrimack County. The Department agrees  
2 that regardless of the outcome of that appeal it will take no  
3 further punitive action regarding the issues raised in 06-180 and  
4 07-034 other than those contained in this agreement for any  
5 alleged violations of RSA 399-A:13 prior to the agreement date.

6 5. The Respondents acknowledge that the statute defining a payday  
7 loan changed on August 18, 2006.

8 6. The Respondents further acknowledge that on October 23, 2006,  
9 *inter alia*, their procedure of taking ACH authorizations at the  
10 inception of a loan, combined with the determination, valid or  
11 otherwise, of the commissioner that they were a payday loan  
12 lender and the change in 399-A:1 X, made all provisions that  
13 applied to payday lenders also apply to those loans on which ACH  
14 authorization was procured at the inception of the loan.

15 7. The Respondents do not admit that their activity constitutes a  
16 violation of the Commissioner's Order.

17 II. For purposes of amicably resolving and closing the above-referenced  
18 matters the Respondent agrees to the following terms and conditions and the  
19 Department accepts the same:

20 1. The Respondent agrees that it has voluntarily entered into this  
21 Agreement without reliance upon any discussions between the  
22 Department and Respondent, without promise of a benefit of any kind  
23 (other than concessions contained in this Agreement), and without  
24 threats, force, intimidation, or coercion of any kind. The  
25 Respondent further acknowledges its understanding of the nature of  
the offenses stated above, including the penalties provided by law.

2. The Respondent agrees to waive any and all rights to a hearing and  
appeal thereof.

3. The Respondent agrees that it will not deny the factual basis for  
this Agreement to which it has stipulated above, and will not give

1 conflicting statements about such facts or its involvement in the  
2 stipulated facts.

3 4. The Respondent agrees that all terms of this Agreement are  
4 contractual and none is a mere recital.

5 5. The Respondent will repay directly to consumers who extended,  
6 renewed, or refinanced loans between October 23, 2006 and the date  
7 of this agreement all fees collected from such transactions.  
8 Respondents will provide an accounting to the Department within 90  
9 days of this order attesting to the amount each consumer was repaid  
10 along with their name, address, and telephone number.

11 6. The Respondents will pay a fine for violation of RSA 399-A:13 VII in  
12 the amount of \$15,000.

13 7. The Respondents will voluntarily adopt a "Cooling Off Period" policy  
14 for customers with an outstanding obligation as of this agreement  
15 date, whereby there shall be a 3 business day cooling off period  
16 between loans to the same borrower by Respondent and the Respondent  
17 shall document both the payoff date and the new loan date, if any,  
18 in a manner that complies with this agreement and RSA 399-A:11 X.  
19 The 3 day period shall be calculated from the date of the payoff by  
20 the borrower of a loan to the date the borrower is obligated under  
21 another loan. This provision shall not apply to new customers who  
22 come the Respondent after the date of this agreement.

23 8. The Respondent acknowledges that failure to make payment as agreed  
24 above, or further violations of law, will result in license action  
25 and additional enforcement action deemed appropriate by the  
Commissioner.

Each person who signs this Consent Order in a representative  
capacity warrants that his or her execution of this Consent Order is  
duly authorized, executed, and delivered by and for the entity for  
which he signs.

This Agreement represents the complete and final resolution of, and discharge  
of any basis for any civil or administrative proceeding by the Department  
against the Respondent for violations arising as a result of or in connection  
with any actions or omissions by the Respondent through the date of this  
Order as it applies to the matter captioned above and the prior allegations  
and proceeding upon which it is based; provided, however, this release does  
not apply to facts not known by the Department or not otherwise provided by

1 the Respondent to the Department as of the date of this Order nor does it  
2 prohibit the Department from taking action as a result of the Examination  
3 currently ongoing except insofar as those actions are for a violation of RSA  
4 399-A:13 VII.

5 The Department expressly reserves its right to pursue any administrative or  
6 civil action or remedy available to it should the Respondent breach this  
7 Agreement or in the future violate the Act or rules and orders promulgated  
8 thereunder.

9 As of the date of the agreement, the Department hereby withdraws the  
10 immediate suspension and petition for revocation of Respondents' small loan  
11 license, and Respondent may immediately resume business in conformity with  
12 RSA Chapter 399-A.  
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1 **WHEREFORE**, based on the foregoing, we have set our hands to this Agreement,  
2 with it taking effect upon the signature of Peter C. Hildreth, Bank  
3 Commissioner.

4 Recommended this 22 day of February, 2007 by

5 /S/

6 James Shepard, Staff Attorney, Banking Department

7 Executed this 22 day of February, 2007.

8 /S Michael Melody [ed: President of Cashforce]/

9 John Kalled [Ed: John Kalled struck by hand and replaced with Michael  
10 Melodie], as representative for Respondents

11 **FINDING THE ABOVE CONSENT ORDER AND THE AGREEMENTS CONTAINED THEREIN TO BE IN**  
12 **THE PUBLIC INTEREST IT IS;**

13 **SO ORDERED**

14 this 22 day of February, 2007.

15  
16 /S/

17 Peter C. Hildreth,  
18 Bank Commissioner  
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